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Washington, D.C. 20505

7 AUG 1979

The Honorable R. G. Freeman III
Administrator
General Services Administration
Washington, D.C. 20405

Dear Doc:

We are in receipt of the General Services Administration's (GSA's) submission of the FY 1981 Standard Level User Charge (SLUC) budget estimate for this Agency's space. The Agency's SLUC charge for Headquarters Building has been raised by 48 percent over FY 1980 costs; our Printing and Photography Building by 132 percent; and, the Ames Building by 43 percent. These are the major Agency holdings affected, but some of our minor holdings have been increased by proportionate percentages. These increases cause serious concern. While our FY 1981 budget is still being prepared, budgetary guidance from the Office of Management and Budget does not provide sufficient flexibility to accommodate an increase of this magnitude. I must protest both the size of the increase and the timing that prohibits orderly budgeting if the increase is imposed.

We are aware that GSA, with concurrence of Office of Management and Budget (OMB) established the Fair Annual Rental (FAR) system whereby one third of GSA's space inventory would be reappraised every three years. This Agency, at the time of the FAR inception, was in agreement with the procedure; however, it was never anticipated that the SLUC cost, especially for Government-owned buildings, would be raised to the rates proposed for FY 1981. It has been the policy of this Agency in the past to include a 6 percent inflation factor in anticipating the next fiscal year budget, and this rationale has covered the Agency's past SLUC costs. GSA, with the use of the FAR system, has increased costs for some Agency property more than twice the cumulative 18 percent inflation rate over the past three years.

It is requested that the necessary action be taken to roll back the SLUC rates to within 6 percent of the FY 1980 level. Also, we request timely notification of future increases in order to more effectively manage our budgetary process.

Your consideration of this matter is most appreciated.

Yours,

/s/ Stansfield Turner

STANSFIELD TURNER